PRESS RELEASE
ORESA VENTURES S.A. (publ)

PRELIMINARY REPORT 1999

- Net Asset Value per share on 31st December 1999 amounted to USD 6.55 (SEK 55.70) per share, compared to USD 6.34 (SEK 51.44) per share on 31st December 1998.

- Total gains after tax for the year of USD 3.9 m (SEK 32.8 m), equivalent to USD 0.39 (SEK 3.39) per share on a weighted average basis.

- Continued strong focus on Poland with 68% of total assets invested in unlisted growth companies in Poland, while healthcare and roll-outs remain the preferred sectors, accounting for 76% of total assets.

- Strong deal flow with USD 13.6 m committed to 4 new investments during 1999.

- Good progress in the portfolio companies with USD18.3 m invested in existing portfolio companies during the year to support their rapid growth.

- Medicover, the leading healthcare company in Central and Eastern Europe, continues to show strong growth, with 47,000 members in all prepaid programs at year-end and more than 50% growth in revenue.

- The portfolio is now maturing with a weighted average age of just under 3 years. Two smaller exits were achieved during the year, while a further 2 exits are expected during the next 12 months.

- The Central European economies, led by Poland, continued to show strong economic growth and are moving closer towards integration with Western Europe. The continuation of the EU accession programs is further cementing this process.

I am pleased to report total recognised gains for the year of USD 3.9 m (SEK 32.8 m). Net Asset Value amounted to USD 76.9 m (SEK 655 m), equivalent to USD 6.55 (SEK 55.70) per share by the end of the year, up from USD 6.34 (SEK 51.44) at year-end 1998.

The fourth quarter showed gains after tax of USD 1.2 m (SEK 9.7 m), related primarily to revaluations of 3 unlisted holdings.

Administrative costs, including recharged expenses and excluding the one-off charge for a healthcare consultancy study, amounted to USD 2.72 m. This represents a 28% reduction from last year, reflecting the closure of the Moscow office and a continued cost focus.

1999 was a year of recovery for emerging markets in general and Central Europe in particular. After the negative showing in1998 with the Russian financial crash on many investors' minds, it is reassuring to see growth coming back to the region, with an increasing flow of foreign direct investments, particularly to Poland. This is very much encouraged by the advancing accession negotiations to join the European Union. Interest in the region's listed equity markets has increased appreciably, particularly during the early part of the new year. And even though ORESA Ventures does not invest in the listed equity market, it is an important proxy for market appetite and sentiment for the region.

INVESTMENTS DURING THE YEAR

During the year, we committed a total of USD 13.6 m in investments in new companies and USD 18.3 m as follow-on investments in existing holdings.

NEW COMPANIES

We made an investment of USD 5.0 m in United Entertainment Company (UEC), for 37% of the company. UEC was established to develop a chain of family entertainment centres, under the brand name "Atomic Entertainment", across Poland. The company has now opened 3 centres which are performing well. In addition we invested USD 3.4 m, for a 12% stake in the Czech-based retailer Drogerie a.s. Drogerie is a retail drugstore chain in Central Europe with 84 stores in the Czech Republic and Slovakia. We invested USD 2.6 m for a minority stake in Brewery Holdings Ltd., which today is the market leading brewery group in Romania. Finally, we made a commitment of up to USD 2.6 m in Motoractive, which was established to become the first independent automotive leasing company in Romania. Of this total, USD 1.3 m had been paid in by year-end.

Our portfolio of unlisted investments at year-end is shown in the table below.

The following table shows our equity investments excluding loan investments.

Country[1]	Company	Ownership, %	Cost USDm	Valuation USDm	% of NAV
Poland	Medicover	95.0	27.3	40.5	52.6
	Office Depot	7.4	5.5	6.4	8.3
	Bev. H. Video	20.9	4.5	4.5	5.8
	United Entert.	37.0	5.0	5.0	6.5
	Intersource	15.0	0.5	0.5	0.6
	Subtotal		42.8	56.9	73.8
Czech Rep.	Droxi	12.2	3.4	3.4	4.4
Baltics	Airo	23.0	1.7	1.7	2.2
Romania	Flanco	46.0	1.8	2.0	2.6
	Churchill	29.0	0.8	0.8	1.0
	BHL	[2]	2.9	4.3	5.6
	Motoractive	47.5	1.3	1.3	1.7
	Subtotal		6.8	8.4	10.9
Russia	Invacorp	4.1	2.0	1.4	1.8
	RIG	4.0	2.6	1.3	1.7
	Subtotal		4.6	2.7	3.5
Funds	Fulcrum	2.8	2.3	2.8	3.6
	Ukraine	2.1	0.3	0.2	0.3
	Danube	2.2	0.5	0.5	0.6
	EMESCO	–	0.6	0.6	0.8
	Subtotal	7.1	3.7	4.1	5.3
	Total		63.0	77.2	100.1

[1] The geographical analysis in this table is based on the primary location of the business.

[2] Not disclosed.

FOLLOW-ON INVESTMENTS

We made the most significant follow-on investments in the following companies.

We acquired an additional 2,355,094 shares in Medicover, thereby increasing our ownership level to 95.0%1 of the company. Payment was made through a new issue of 2,053,406 shares in ORESA Ventures. The total transaction value amounted to USD 11.8 m. The transaction was made to take advantage of Medicover's existing market position, considering the expected strong growth in the private healthcare market – particularly in Poland – and to give us better exit control. Our current ownership level is temporary.

In Office Depot we made an additional investment of USD 2.0 m, raising our total investment to USD 5.5 m, for 7.4% of the company. The funds were used to finance the acquisition of the Office Centre chain of 6 Polish office supply stores from Divaco of Germany.

[1] 91.2% reflecting maximum future dilution from executive option programs.

We further made an additional investment of USD 1.5 m in Beverly Hills Video, raising our total investment to USD 4.5 m for 20.9% of the company. The funds were used to further develop the store network.

We invested an additional USD 300,000 in Brewery Holdings Ltd., raising our total investment to USD 2.9 m. The funds are being used to buy part of the outstanding minority shareholdings in the 3 subsidiary breweries within the BHL group.

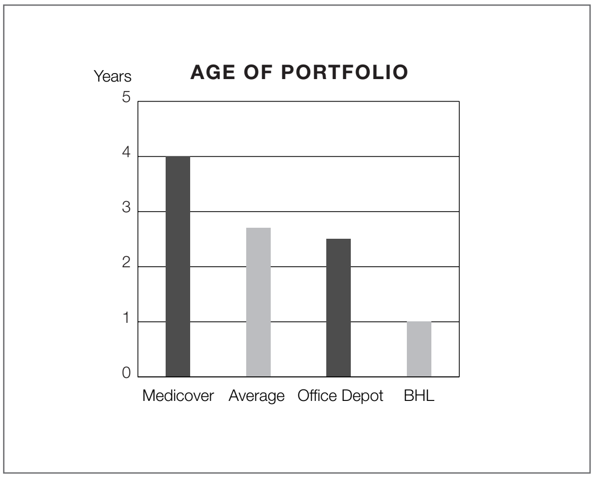
In Churchill Media we invested an additional USD 400,000 bringing our total investment to USD 1.2 m for a 29% stake. The funds are being used to accelerate the expansion.

Finally, we invested an additional USD 1.0 m in Flanco, the Romanian retailer of white goods and home electronics, alongside USD 1.5 m from a new financial investor, reducing our ownership to 46.0%. At the same time, we converted a USD 0.8 m loan into equity. The funds are being used to expand Flanco's retail network and to strenghten its balance sheet.

EXITS

During the year, we exited from 2 investments. We sold our 28% stake in Maritime International Inc. for USD 1.25 m, realising a gain of USD 0.6 m. We also sold our only direct investment in Ukraine, at slightly above our acquisition price.

The weighted average age[2] of our unlisted investment portfolio is 2.7 years. This compares well with our stated target holding period of 4-6 years, illustrating that the more mature of our portfolio companies are now approaching the exit stage. During the next 12 months we expect to see 2 exits.



REVALUATIONS

We have increased valuations in the following companies:

In Brewery Holdings (by USD 1.40 m) to reflect the strong development of the business. In Office Depot (by USD 0.90 m) and Flanco (by USD 0.20 m), both reflecting pricing in recent capital increases in the companies.

We have transferred Imsat, Unirea and Albena to the listed portfolio and reduced their combined value from USD 1.0 m to USD 0.4 m, which has been offset against gains from the remaining portfolio of listed Russian shares. In addition, we have written down the investment in the Ukraine fund by USD 0.1 m to represent the carrying value of the investments as assessed by the fund manager.

On the remaining portfolio of listed shares which we gradually sold out during the year in line with market conditions, we recorded a profit of USD 2.1 m. This has been offset by a provision of USD 0.6 m, as noted above.

By the end of the year, the remaining portfolio of listed shares represent a value of USD 2.22 m. These shares will be sold as market conditions allow.

We recorded income of USD 2.59 m relating to the settlement in regard to the foreign exchange contracts that had been made to protect the portfolio of Russian bonds. These contracts were conservatively written down to zero at the end of 1998.

NEW SHARE ISSUE

We issued a total of 2,053,406 new shares, at a price of USD 5.73 (SEK 48.79) per share, in December, which were used as payment to acquire additional ownership in Medicover. Through this transaction the total number of shares outstanding in ORESA Ventures increased to 11,752,689.

MEDICOVER

MARKET BACKGROUND

The underlying investment rationale for private healthcare in Central and Eastern Europe, and particularly in Poland, has strengthened during the year. The reform of the Polish social security system has started with the pension reform, where more than 11 million Poles, equivalent to more than 75% of the working population, invested their pension contributions with private funds in 1999. The next area will be the healthcare system. The Polish health insurance funding system was decentralised in 1999 through the establishment of regional health insurance funds, which receive payroll contributions directly from employers. This health insurance market will be subject to full competition from private insurers from 2002, giving employees the choice to decide which health insurance fund to use. In line with its tradition of radical reforms, Poland is the first European country choosing this path. This will open up a very large market for private health insurers, estimated at more than USD 3 bn by 2005.

[2] The average age is based on dates of original investment in a particular company and weighted by the total cost of each investment in the portfolio.

MEDICOVER

1999 was another year of strong growth for Medicover, where revenue increased by more than 50%, from USD 8.8 m in 1998 to USD 13.3 m in 1999. Poland represents close to 80% of revenue. Enrolment growth was strong throughout the year, increasing by approximately 50%, and the company ended the year with around 47,000 members in all prepaid programs.

Medicover continued to invest in building its network of clinics to expand capacity in Poland as well as in Romania, Hungary and Estonia. During the latter part of the year a strategic decision was taken to significantly increase spending on Internet and IT-related developments within Medicover, both in applications and personnel. We believe these investments will substantially strengthen the competitive position in years to come.

This continued investment programs led to an EBITDA loss for the year of USD 3.3 m, compared to a loss of USD 3.5 m in 1998. The gross margin was maintained, and as capacity utilisation is increasing we expect to reach our stated profit objective.

MEDICOVER AND THE INTERNET

Medicover believes there is significant value to be built by investing in and developing Internet-enabled services within the healthcare industry, both to better service and interact with Medicover members and consumers, as well as to increase clinical and administrative efficiencies.

A new, significantly improved Medicover Web site will be launched in early March 2000 (www.medicover.pl). In addition, the company is actively investing in researching opportunities for additional Internet-enabled healthcare services, both to the consumer and professional markets. Internet applications has a potential to significantly improve the flow of information and processes within the healthcare system.

Medicover have a unique position in the region and thus has an excellent opportunity to leverage its brand name and position – among consumers as well as in the medical community – to be an early participant in the development of Internet-enabled healthcare services.

LIQUIDITY

By the end of the year we had available financial resources of around USD 8 m, including committed credit facilities. We expect to create additional liquidity during the year through exits in existing holdings.

MACRO-ECONOMIC OUTLOOK

In spite of some worries about the effect of the Russian crisis on the Central European countries, the region showed that it has to a high extent de-coupled from its Eastern neighbour and is rapidly integrating with the Western economies. This process is being accelerated by the EU accession talks. While the Czech economy showed a minor contraction of 0.5%, both Poland and Hungary continued to post significant economic growth, with GDP up by 4.1% in both countries in 1999. For the year 2000, the latest forecasts point to a 3–4.5% increase in GDP for all three countries, well above the expected EU average.

1999 was a challenging year for Romania, where large debt repayments put fears among some that the country was going to default on its debt. The Romanian government and Central Bank managed to avoid this, and although the economy contracted by 3.6%, the outlook for 2000 is significantly better, pointing to a small positive GDP growth of 1.5%. Having recently been included in EU accession discussions, there is wide political consensus in Romania about the long-term direction.

OUTLOOK

As we enter this new millennium, we strongly believe that the investment opportunities that we are focusing on in the region will increase in number as well as size, and that exit transactions will generate the required return.

We are confident that the strategies that we have chosen – to focus on healthcare and retail consumer-related activities – are areas that will offer many opportunities. In addition, we believe that the dramatic developments that we have seen over the last few years in America and Western Europe in regard to IT and Internet development, will accelerate in Central Europe, starting from a low base. This will create additional investment opportunities which we believe that we are well positioned to take advantage of.

Jonas af Jochnick
February 2000

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR TO 31 DECEMBER	1999 $'000	1998 $'000
Portfolio income/(loss)	4,222	(34,869)
Gain on sale of unlisted investments	562	–
Interest income	206	1,572
Interest cost	(430)	(79)
Dividend income	117	463
Other revenue	362	349
INCOME	5,039	(32,564)
Staff costs	(1,368)	(2,009)
Administrative costs	(2,136)	(2,094)
Foreign exchange	(16)	17
TOTAL OPERATING EXPENSES	(3,520)	(4,086)
Value adjustments downwards against direct investments	(100)	(2,338)
OPERATING PROFIT/(LOSS) BEFORE TAX	1,419	(38,988)
Tax (charge)/credit	(74)	164
OPERATING PROFIT/(LOSS) AFTER TAX	1,345	38,824
EARNINGS/(LOSS) PER ORDINARY SHARE		
Basic	$0.14	$(4.00)

STATEMENT OF RECOGNISED GAINS AND LOSSES

YEAR TO 31 DECEMBER	1999 $'000	1998 $'000
Value adjustments upwards on unlisted direct investments, not recognised in the profit and loss account	2,506	12,603
Profit/(loss) for the year	1,345	(38,824)
TOTAL RECOGNISED GAINS/(LOSSES)	3,851	(26,221)

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER	1999 $'000	1998 $'000
ASSETS		
Direct investments		
Unlisted equity shares	77,130	45,711
Loan investments	2,492	4,547
	79,622	50,258
Property and equipment	43	72
NON CURRENT ASSETS	79,665	50,330
Listed equity shares	2,222	11,000
Receivables	1,192	541
Bonds & other interest bearing securities	–	1,791
Cash	756	3,128
CURRENT ASSETS	4,170	16,460
TOTAL ASSETS	83,835	66,790
LIABILITIES AND SHAREHOLDERS' EQUITY		
Capital and reserves		
Share capital	58,764	48,496
Share premium	25,648	24,260
Capital profits reserve	16,247	13,741
Unrealised profit reserve	(11,603)	(31,344)
Realised profit reserve	(12,104)	6,293
TOTAL SHAREHOLDERS' FUNDS	76,952	61,446
Trade and other payables	983	1,444
Loans payable	5,900	3,900
CURRENT LIABILITIES	6,883	5,344
TOTAL EQUITY AND LIABILITIES	83,835	66,790

CONSOLIDATED CASH FLOW STATEMENT

YEAR TO 31 DECEMBER	1999 $'000	1998 $'000
NET CASH FLOW FROM PROFIT	(4,412)	(1,300)
Investing activities		
Venture capital loans repaid/(advanced)	1,555	5,502
Investment in unlisted securities	(18,870)	(19,973)
Sale of unlisted securities	1,695	–
Investment in bonds and interest bearing securities	4,503	624
Purchase of tangible fixed assets	(15)	(69)
Sale of tangible fixed assets	8	–
Investment in listed equity investments	(476)	(12,167)
Sale of listed equity investments	11,761	5,647
NET CASH FLOW FROM INVESTING ACTIVITIES	161	(20,436)
Loans received	2,000	3,900
Cost of share issue	(121)	–
NET CASH FLOW FROM FINANCING ACTIVITIES	1,879	3,900
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,372)	(17,836)
CASH AND CASH EQUIVALENTS		
Balance at 1 January	3,128	20,964
Balance at 31 December	756	3,128
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,372)	(17,836)

BASIS OF PREPARATION

The accounting policies used in this report are the same as those used in the annual audited financial statements of ORESA Ventures S.A. The above figures are audited.

A copy of the full Annual Report for 1999 may be obtained from ORESA Ventures NV, Building O, Drève Richelle 161, B-1410 Waterloo. Alternatively you can request a copy through our web site *www.oresaventures.com*

REPORTING DATES

Annual General Meeting	9th May
Information meeting in Stockholm	10th May
3-month interim report	10th May
6-month interim report	17th August
9 month interim report	16th November

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